

CENTRAL COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2011

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CENTRAL COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education		
Kevin Lau	President	2013
Kristin Fitzgerald	Vice President	2011
Jolene Jansen	Board Member	2011
Robert Hankey	Board Member	2011
Dan Lane	Board Member	2013
Julie Suhr	Board Member	2013
Rachel Jaster	Board Member	2013
Galen Reinsmoen	Superintendent	2011
Joyce Piorkowski	District Secretary/Treasurer and Business Manager	Indefinite
Brian Gruhn	Attorney	2011

Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN S. CLAUSEN, CPA

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Elkader, Iowa 52043

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Independent Auditor's Report

To the Board of Education of
Central Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community School District, Elkader, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2011 on our consideration of Central Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

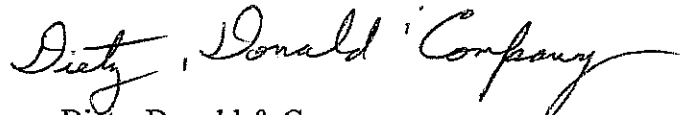
and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 15 and 44 through 46 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Elkader, Iowa 52043

November 28, 2011



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Central Community School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Central Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

General Fund revenues increased from \$ 5,077,569 in fiscal 2010 to \$ 5,545,289 in fiscal 2011, while General Fund expenditures decreased from \$ 5,142,262 in fiscal 2010 to \$ 5,037,237 in fiscal 2011. The District's General Fund balance increased from \$ 116,476 at the end of fiscal year 2010 to \$ 624,528 at the end of fiscal year 2011, a 436% increase.

The increase in General Fund revenues was due primarily to an increase in state foundation aid. The decrease in expenditures was due primarily to the Board taking steps to alleviate a negative carryover balance in spending authority in fiscal year 2009.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Central Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Community School District acts solely as custodian for the benefit of those outside the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the major non-governmental funds. In addition the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the District.

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.

Business type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

1. **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near term to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2. **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provides more detail and additional information, such as cash flows. The District's Enterprise Fund is the School Nutrition Fund.

The required financial statements for the proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3. **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. The District currently has one Fiduciary Fund, a Private Purpose Trust Fund. In the Private-Purpose Trust Fund, the District accounts for outside donations for scholarships for individual students.

The District is responsible for ensuring the assets reported in the fiduciary fund are used only for their intended purposes and by those to whom the assets belong. The

District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for the fiduciary fund include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A summary of the District's net assets at June 30, 2011 compared to June 30, 2010 is provided below:

Condensed Statement of Net Assets (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30		June 30		June 30		June 30
	2011	2010	2011	2010	2011	2010	2010-11
Current and other assets	\$ 4,666	4,082	69	61	4,735	4,143	14.3%
Capital assets	2,103	1,877	34	25	2,137	1,902	12.4%
Total assets	6,769	5,959	103	86	6,872	6,045	13.7%
Long-term liabilities	55	64	0	0	55	64	-14.1%
Other liabilities	3,056	2,928	4	6	3,060	2,934	4.3%
Total liabilities	3,111	2,992	4	6	3,115	2,998	3.9%
Net assets:							
Invested in capital assets	2,103	1,877	34	25	2,137	1,902	12.4%
Restricted	1,046	498	0	0	1,046	498	110.0%
Unrestricted	509	592	65	55	574	647	-11.3%
Total net assets	\$ 3,658	2,967	99	80	3,757	3,047	23.3%

The District's combined net assets increased by over 23.3%, or approximately \$ 710,000 over the prior year. The largest portion of the District's net assets is the investment in capital assets (e.g. land, infrastructure, buildings and equipment).

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$ 548,000, or 110.0% over the prior year.

Unrestricted net assets - the part of net assets that can be used to finance day-to-day

operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased approximately \$ 73,000 or 11.3%.

The following schedule shows the change in net assets for the year ended June 30, 2011 compared to the year ended June 30, 2010.

Changes in Net Assets (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	2010-11
Revenues:							
Program revenues:							
Charges for service	\$ 509	504	139	144	648	648	0.0%
Operating grants, Contributions	1,049	983	116	107	1,165	1,090	6.9%
Capital grants	59	113	12	13	71	126	-43.7%
General revenues:							
Property tax	1,995	2,035	0	0	1,995	2,035	-2.0%
State-wide sales and Services and use tax	358	302	0	0	358	302	18.5%
Income tax surtax	221	257	0	0	221	257	-14.0%
Unrestricted state grants	2,124	1,736	0	0	2,124	1,736	22.4%
Unrestricted investment Earnings	17	27	0	0	17	27	-37.0%
Other	94	26	0	0	94	26	261.5%
Total revenues	6,426	5,983	267	264	6,693	6,247	7.1%
Program expenses:							
Governmental activities:							
Instruction	3,771	3,841	0	0	3,771	3,841	-1.8%
Support services	1,592	1,573	3	3	1,595	1,576	1.2%
Non-instructional programs	8	13	245	227	253	240	5.4%
Other expenses	358	353	0	0	358	353	1.4%
Total expenses	5,729	5,780	248	230	5,977	6,010	-0.5%
Increase in net assets	697	203	19	34	716	237	202.1%
Net assets beginning of year	2,961	2,758	80	46	3,041	2,804	8.5%
Net assets end of year	\$ 3,658	2,961	99	80	3,757	3,041	23.5%

In fiscal 2011, property tax and unrestricted state grants accounted for 64.1% of governmental activities revenue while charges for service and operating grants accounted for 95.5% of business activities revenue.

The District's total revenues were approximately \$ 6.69 million of which approximately \$ 6.43 million was for governmental activities and about \$ 267,000 was for business type activities.

As shown on the previous page, the District as a whole experienced a 7.1% increase in revenues and a 0.5% decrease in expenses. Property taxes decreased approximately \$ 40,000, while unrestricted state grants increased approximately \$ 388,000. The decrease in expenses was primarily due to a decrease in instruction costs of \$ 70,000.

Governmental Activities

Revenues for governmental activities were \$ 6,425,635 and expenses were \$ 5,729,136. In a difficult budget year, the District was able to increase its net assets and its spending authority by holding the line on expenses.

The following table presents the total and net costs of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

	Total and Net Cost of Governmental Activities (Expressed in Thousands)					
	Total Cost of			Net Cost of		
	Services			Services		
	Change			Change		
	2011	2010	2010-11	2011	2010	2010-11
Instruction	\$ 3,771	3,841	-1.8%	\$ 2,448	2,653	-7.7%
Support services	1,592	1,573	1.2%	1,584	1,500	5.6%
Non-instructional Programs	8	13	-38.5%	8	13	-38.5%
Other expenses	358	353	1.4%	73	15	386.7%
Total	\$ 5,729	5,780	-0.9%	\$ 4,113	4,181	-1.6%

For the year ended June 30, 2011:

The cost financed by users of the District's programs was \$ 508,826.

Federal and state governments and other organizations subsidized certain programs with grants and contributions totaling \$ 1,107,264

The net cost of governmental activities was financed with \$ 2,574,392 in property and other taxes and \$ 2,124,488 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2011 were \$ 266,969 representing a 0.9% increase over the prior year, while expenses totaled \$ 245,739, a 6.7% increase from the prior year. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Central Community School District used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed fiscal year 2011, its governmental funds reported a combined fund balance of \$ 1,610,344, a significant increase over last year's ending fund balance of \$ 1,148,393.

Governmental Fund Highlights

The General Fund balance increased from \$ 116,476 to \$ 624,528. Revenues increased \$ 467,700 while expenditures decreased \$ 105,025.

The Capital Projects Fund balance increased from \$ 760,348 to \$ 810,485. Although statewide sales service and use tax increased \$ 55,194 , expenditures were \$ 128,835 more.

Proprietary Fund Highlights

School Nutrition fund net assets increased from \$ 80,329 at June 30, 2010 to \$ 98,966 at June 30, 2011, representing an increase of approximately 23%. For fiscal 2011, the District's expenses increased \$ 17,925, while revenues increased \$ 3,456.

BUDGETARY HIGHLIGHTS

The District's total revenues were \$ 1,250 less than total budgeted revenues, a variance of less than 1%. Even though local tax revenue was more than anticipated in fiscal 2011, a reduction in state resources caused the total amount received to be less than originally anticipated.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or

controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested approximately \$ 2.1 million, net of accumulated depreciation, in a broad range of capital assets including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. This represents a net increase of 12.3% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$ 195,786.

The original cost of the District's capital assets was approximately \$ 5.5 million. Governmental funds account for \$ 5.4 million with the remainder of approximately \$ 0.1 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital assets during the year occurred in the building category, which increased \$ 293,553 due to approximately \$ 152,000 being spent on a masonry restoration project, approximately \$ 73,000 being spent remodeling the auditorium and approximately \$ 48,000 being spent on a fire safety project.

Capital Assets, net of Depreciation (Expressed in Thousands)							
	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2011		June 30, 2010		June 30, 2011		June 30, 2010-11
Land	\$ 163	163	0	0	163	163	0.0%
Buildings	1,509	1,299	0	0	1,509	1,299	16.2%
Improvements other than Building	109	125	0	0	109	125	-12.8%
Furniture and equipment	322	290	34	25	356	315	13.0%
Total	\$ 2,103	1,877	34	25	2,137	1,902	12.4%

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District has experienced declining enrollment for the past three years and expects that trend to continue. Taxable valuations in the District increased 3.5% to \$ 147,233,408.

Budgeted disbursements for fiscal year 2012 are \$ 452,335 less than the budgeted amount for fiscal 2011, a 6.1% decrease. The property tax rate for 2012 is 14.76519 per \$1000 taxable valuation, a 3.0% increase from fiscal 2011.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joyce Piorkowski, District Secretary/Treasurer and Business Manager, Central Community School District, 400 First Street NW, Elkader, Iowa 52043.

BASIC FINANCIAL STATEMENTS

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,065,854	56,347	2,122,201
Receivables:			
Property tax:			
Delinquent	39,895	-	39,895
Succeeding year	2,104,119	-	2,104,119
Accounts	10,199	2,039	12,238
Due from other governments	444,607	-	444,607
Inventories	-	11,056	11,056
Prepaid expenses	1,574	-	1,574
Capital assets, net of accumulated depreciation/ amortization	2,102,508	33,848	2,136,356
TOTAL ASSETS	6,768,756	103,290	6,872,046
LIABILITIES			
Accounts payable	183,072	381	183,453
Salaries and benefits payable	402,625	568	403,193
Deferred revenue:			
Succeeding year property tax	2,104,119	-	2,104,119
Other	366,088	2,675	368,763
Long-term liabilities:			
Portion due within one year:			
Compensated absences	7,453	-	7,453
Termination benefit	14,114	-	14,114
Portion due after one year:			
Termination benefit	23,403	-	23,403
Net OPEB liability	10,352	700	11,052
TOTAL LIABILITIES	3,111,226	4,324	3,115,550
NET ASSETS			
Invested in capital assets	2,102,508	33,848	2,136,356
Restricted for:			
Categorical funding	97,925	-	97,925
Management levy purposes	12,134	-	12,134
School infrastructure	637,542	-	637,542
Physical plant and equipment	172,943	-	172,943
Student activities	125,680	-	125,680
Unrestricted	508,798	65,118	573,916
TOTAL NET ASSETS	\$ 3,657,530	98,966	3,756,496

See notes to financial statements.

Exhibit B

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	General	Capital Projects	Nonmajor	Total
ASSETS				
Cash	\$ 1,159,513	728,906	177,435	2,065,854
Receivables:				
Property tax:				
Delinquent	36,661	1,838	1,396	39,895
Succeeding year	1,889,224	49,087	165,808	2,104,119
Accounts	4,812	2,598	2,789	10,199
Due from other governments	268,795	175,812	-	444,607
Prepaid expenses	1,574	-	-	1,574
TOTAL ASSETS	\$ 3,360,579	958,241	347,428	4,666,248
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 131,746	47,244	4,082	183,072
Salaries and benefits payable	400,418	-	2,207	402,625
Deferred revenue:				
Succeeding year property tax	1,889,224	49,087	165,808	2,104,119
Other	314,663	51,425	-	366,088
Total liabilities	2,736,051	147,756	172,097	3,055,904
Fund balances:				
Restricted for:				
Categorical funding	97,925	-	-	97,925
Management levy purposes	-	-	49,651	49,651
Student activities	-	-	125,680	125,680
School infrastructure	-	637,542	-	637,542
Physical plant and equipment	-	172,943	-	172,943
Unassigned	526,603	-	-	526,603
Total fund balances	624,528	810,485	175,331	1,610,344
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,360,579	958,241	347,428	4,666,248

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total fund balance of governmental funds (page 19)	\$ 1,610,344
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Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	2,102,508
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Long-term liabilities, including compensated absences, termination benefits payable and other postemploy- ment benefits payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(55,322)</u>
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Net assets of governmental activities (page 17)	<u>\$ 3,657,530</u>
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See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

	General	Capital Projects	Nonmajor	Total
Revenues:				
Local sources:				
Local tax	\$ 2,008,592	496,072	69,728	2,574,392
Tuition	303,764	-	-	303,764
Other	66,886	112,116	178,681	357,683
State sources	2,786,811	70	53	2,786,934
Federal sources	379,236	23,627	-	402,863
Total revenues	5,545,289	631,885	248,462	6,425,636
Expenditures:				
Current:				
Instruction:				
Regular	2,402,194	23,847	89,251	2,515,292
Special	755,963	12,951	-	768,914
Other	320,071	-	157,158	477,229
	3,478,228	36,798	246,409	3,761,435
Support services:				
Student	146,115	-	-	146,115
Instructional staff	115,321	138,410	-	253,731
Administration	487,179	21,812	35,115	544,106
Plant operation and maintenance	293,917	23,257	33,061	350,235
Transportation	290,160	19,990	30,115	340,265
	1,332,692	203,469	98,291	1,634,452
Non-instructional programs	-	7,807	-	7,807
Other expenditures:				
Facilities acquisition	-	333,674	-	333,674
AEA flowthrough	226,317	-	-	226,317
	226,317	333,674	-	559,991
Total expenditures	5,037,237	581,748	344,700	5,963,685
Excess (deficiency) of revenues over (under) expenditures	508,052	50,137	(96,238)	461,951
Fund balances beginning of year, as restated	116,476	760,348	271,569	1,148,393
Fund balances end of year	\$ 624,528	810,485	175,331	1,610,344

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2011

Net change in fund balances - total governmental funds (page 21) \$ 461,951

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditure for capital assets	\$ 417,828	
Depreciation expenses	<u>(192,421)</u>	225,407

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds. Payment of these liabilities is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Assets. Differences between the Statement of Activities and governmental funds are as follows:

Termination benefits	16,130	
Compensated absences	1,041	
Other postemployment benefits	<u>(8,030)</u>	<u>9,141</u>

Changes in net assets of governmental activities (page 18) \$ 696,499

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2011

	School <u>Nutrition</u>
ASSETS	
Cash and cash equivalents	\$ 56,347
Accounts receivable	2,039
Inventories	11,056
Capital assets, net of accumulated depreciation	<u>33,848</u>
 TOTAL ASSETS	 <u>103,290</u>
LIABILITIES	
Accounts payable	381
Salaries and benefits payable	568
Deferred revenues	2,675
Net OPEB liability	<u>700</u>
 TOTAL LIABILITIES	 <u>4,324</u>
NET ASSETS	
Invested in capital assets, net of contributed capital	12,221
Contributed capital	21,627
Unrestricted	<u>65,118</u>
 TOTAL NET ASSETS	 <u>\$ 98,966</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
Year Ended June 30, 2011

	<u>School Nutrition</u>
Operating revenues:	
Local sources:	
Charges for service	\$ 138,743
Operating expenses:	
Support services:	
Software	510
Plant operation and maintenance	<u>2,083</u>
	<u>2,593</u>
Non-instructional programs:	
Food service operations:	
Salaries	92,107
Benefits	24,396
Purchased services	8,144
Supplies	117,694
Miscellaneous	33
Depreciation	<u>3,365</u>
	<u>245,739</u>
Total operating expenses	<u>248,332</u>
Operating loss	<u>(109,589)</u>
Non-operating revenues:	
State sources	2,109
Federal sources	114,080
Interest income	<u>222</u>
Total non-operating revenue	<u>116,411</u>
Net income	6,822
Capital contribution	11,815
Net assets beginning of year	<u>80,329</u>
Net assets end of year	<u>\$ 98,966</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2011

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sales of lunches and breakfasts	\$ 136,790
Cash paid to employees for services	(116,245)
Cash paid to suppliers for goods and services	<u>(113,784)</u>
Net cash used by operating activities	<u>(93,239)</u>
Cash flows from non-capital financing activities:	
State grants received	2,222
Federal grants received	<u>96,582</u>
Net cash provided by non-capital financial activities	<u>98,804</u>
Cash flows from investing activities:	
Interest on investments	<u>222</u>
Net increase in cash	5,787
Cash beginning of year	<u>50,560</u>
Cash end of year	<u>\$ 56,347</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (109,589)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	18,041
Depreciation	3,365
(Increase) in accounts receivable	(831)
(Increase) in inventories	(2,968)
(Decrease) in accounts payable	(393)
(Decrease) in salaries and benefits payable	(285)
(Decrease) in deferred revenues	(1,122)
Increase in other postemployment benefits	<u>543</u>
Net cash used by operating activities	<u>\$ (93,239)</u>

Non-cash operating, non-capital financing, and capital and related financing activities:

During the year ended June 30, 2011, the Capital Projects Fund purchased a steamer, cafeteria doors and storeroom shelves at a total cost of \$ 11,814 for the School Nutrition Fund.

During the year ended June 30, 2011, the District received \$ 18,041 of federal commodities.

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2011

	Private Purpose <u>Trust</u> <u>Scholarship</u>
ASSETS	
Cash	\$ 2,000
LIABILITIES	
None	<u>0</u>
NET ASSETS	
Reserved for scholarships	<u>\$ 2,000</u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
Year Ended June 30, 2011

	Private Purpose <u>Trust</u> <u>Scholarship</u>
Additions:	
Local sources:	
Interest income	\$ 22
Deductions:	
Support services:	
Scholarships awarded	<u> 22</u>
Change in net assets	0
Net assets beginning of year	<u> 2,000</u>
Net assets end of year	<u><u> \$ 2,000</u></u>

See notes to financial statements.

CENTRAL COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2011

(1) Summary of Significant Accounting Policies

Central Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades pre-Kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Elkader, Volga City, St. Olaf, Elkport and Garber, Iowa and the predominate agricultural territory of west central Clayton County. The District is governed by a Board of Education whose members are elected on a nonpartisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Central Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Central Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Clayton County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in the following categories:

Invested in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as major nongovernmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District reports the following fiduciary fund:

The Private Purpose Trust Fund is used to account for assets held by the District under a trust agreement which requires income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is

received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or

received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,000
Buildings	3,000
Improvements other than buildings	3,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	20-50
Improvements other than buildings	20
Furniture and equipment	4-15

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not

collected within 60 days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, lunch fees collected in advance and unspent federal grants.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Restricted - Amounts restricted to specific purposes when constraints are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in restricted.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments

against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

(3) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. Bankers Trust Company, N.A. is the trustee for the program.

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. The District must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. The interest rate on the Series 2010-11A warrants is 1.20% plus the one-month LIBOR rate, adjusted daily. A summary of the District's ISCAP activity for the year ended June 30, 2011 is as follows:

Series	Warrant Date	Final Warrant Maturity	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2010-11A	8/24/10	10/28/10	\$ 0	80,000	80,000	0

During the year ended June 30, 2011, the District paid \$ 171 of interest on the ISCAP warrants.

(4) **Capital Assets**

Capital assets activity for the year ended June 30, 2011 was as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 163,000	0	0	163,000
Capital assets being depreciated:				
Buildings	3,074,185	293,553	0	3,367,738
Improvements other than buildings	126,858	0	0	126,858
Furniture and equipment	1,618,767	124,275	0	1,743,042
Total capital assets being Depreciated	4,819,810	417,828	0	5,237,638
Less accumulated Depreciation for:				
Buildings	1,775,581	83,245	0	1,858,826
Improvements other than buildings	1,394	16,729	0	18,123
Furniture and equipment	1,328,734	92,447	0	1,421,181
Total accumulated Depreciation	3,105,709	192,421	0	3,298,130
Total capital assets being Depreciated, net	1,714,101	225,407	0	1,939,508
Governmental activities Capital assets, net	\$ 1,877,101	225,407	0	2,102,508
Business type activities:				
Furniture and equipment	\$ 89,009	11,814	0	100,823
Less accumulated depreciation	63,610	3,365	0	66,975
Business type activities Capital assets, net	\$ 25,399	8,449	0	33,848

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 1,935
Special	692
Other	17,777

Support services:

Instructional staff	29,213
Operation and maintenance of plant	324
Transportation	<u>59,983</u>

109,924

Unallocated

82,497

Total depreciation expense - governmental activities

\$ 192,421

Business type activities

Food service operations	<u>\$ 3,365</u>
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(5) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2011 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Early retirement	\$ 53,648	0	16,131	37,517	14,114
Compensated absences	8,493	7,453	8,493	7,453	7,453
Net OPEB liability	<u>2,322</u>	<u>8,030</u>	<u>0</u>	<u>10,352</u>	<u>0</u>
Total	<u>\$ 64,463</u>	<u>15,483</u>	<u>24,624</u>	<u>55,322</u>	<u>21,567</u>
Business type activities:					
Net OPEB liability	<u>\$ 157</u>	<u>543</u>	<u>0</u>	<u>700</u>	<u>0</u>

Termination Benefits

In December, 2009, the District approved a voluntary early retirement plan for employees. The plan was offered to employees for one year. Eligible employees must have completed twelve (12) years of service and have reached age 55. Classified employees must have been employed at least thirty (30) hours per week for ten (10) months per year. Certified employees must be at least half time to

qualify. Employees will receive a cash payment calculated as follows: forty percent (40%) of unused accumulated sick days multiplied by the employee's per diem wages. Per diem wages are based on contract days.

Supplemental duties and extended contract days are excluded. Classified per diem will be figured only to a maximum of eight hours. Upon retirement, the employee shall be eligible to participate in the school district's health insurance plan. The school district will pay up to \$ 300 per month towards this group insurance.

At June 30, 2011, the District has obligations to six participants with a total liability of \$ 37,517. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$ 11,131.

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: IPERS; P.O. Box 9117; Des Moines, Iowa 50603-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the year ended June 30, 2011. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$ 211,015, \$ 212,500, \$ 202,815, respectively, equal to the required contributions for each year.

(7) Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 62 active and 21 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay all of premiums in excess of their explicit benefit of \$ 300 per month, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree

benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortized any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 103,907
Interest on net OPEB obligation	62
Adjustment to annual required contribution	<u>(7,477)</u>
Annual OPEB cost	96,492
Contributions made	<u>87,919</u>
Increase in net OPEB obligation	8,573
Net OPEB obligation beginning of year	<u>2,479</u>
Net OPEB obligation end of year	<u>\$ 11,052</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$ 73,800 to the medical plan. Plan members eligible for benefits contributed \$ 74,044, or 50% of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 101,813	97.6%	\$ 2,479
2011	96,492	91.1%	11,052

Funded Status and Funding Progress - As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$ 937,000 with no actuarial accrued value of assets,

resulting in an unfunded actuarial accrued liability (UAAL) of \$ 937,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$ 2.541 million and the ratio of the UAAL to covered payroll was 36.9%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual and ultimate medical trend rates are 6%.

Mortality rates are from the 95 Group Annuity Mortality Table Projected to 2000 (2/3 Female, 1/3 Male). Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

Projected claim costs of the medical plan are \$ 837 per month for retirees less than 65. The salary increase rate was assumed to be 2.5% per year. The UAAL is being amortized as a level percentage of projected payroll expenses on a closed group basis over 30 years.

(8) Risk Management

Central Community School District is exposed to various risks of loss related to torts; thefts; damage to and destruction of assets; errors and omissions; injuries to

employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$ 226,317 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(10) Related Party Transactions

The District had business transactions totaling \$ 9,333 between the District and District employees and officials during the year ended June 30, 2011.

(11) Construction Commitment

The District has entered into two contracts totaling \$ 176,825 for two roofing projects. As of June 30, 2011, no costs had been incurred against the contracts. In March, 2011, the District contracted to purchase a school bus for \$ 76,355 to be delivered in July, 2011.

(12) Subsequent Events

In September, 2011, the District purchased ipads at a total cost of \$ 164,971.

(13) Prior Period Adjustment

The District discovered that its accounts receivable were overstated \$ 5,572 at June 30, 2010. This resulted in net assets in the governmental activities column of the statement of net assets and the fund balance of the general fund column of the governmental funds balance sheet being overstated \$ 5,572 at June 30, 2010. In addition, the changes in net assets in the governmental activities column of the statement of activities and the deficiency of revenues under expenditures in the general fund column of the governmental funds statement of revenues, expenditures and changes in fund balances were overstated \$ 5,572 for the year ended June 30, 2010.

(14) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

	Capital Projects	Special Revenue Physical Plant and Equipment Levy
Balances June 30, 2010, as previously reported	\$ 593,465	166,883
Change in fund type classification per implementation of GASB Statement No. 54	<u>166,883</u>	<u>(166,883)</u>
Balances July 1, 2011, as restated	<u>\$ 760,348</u>	<u>0</u>

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF
REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN BALANCES-
BUDGET AND ACTUAL-ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2011

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts	Budgeted to Actual Variance
Revenues:					
Local sources	\$ 3,235,839	138,965	3,374,804	3,227,623	147,181
State sources	2,786,934	2,109	2,789,043	3,126,417	(337,374)
Federal sources	402,863	114,080	516,943	328,000	188,943
Total revenues	6,425,636	255,154	6,680,790	6,682,040	(1,250)
Expenditures/Expenses:					
Instruction	3,761,435	-	3,761,435	4,314,411	552,976
Support services	1,634,452	2,593	1,637,045	1,653,553	16,508
Non-instructional programs	7,807	245,739	253,546	347,969	94,423
Other expenditures	559,991	-	559,991	1,114,119	554,128
Total expenditures/expenses	5,963,685	248,332	6,212,017	7,430,052	1,218,035
Excess (deficiency) of revenues over (under) expenditures/expenses	461,951	6,822	468,773	(748,012)	1,216,785
Other financing sources	-	11,815	11,815	-	11,815
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses	461,951	18,637	480,588	(748,012)	1,228,600
Balances beginning of year, as restated	1,148,393	80,329	1,228,722	1,115,847	112,875
Balances end of year	\$ 1,610,344	98,966	1,709,310	367,835	1,341,475

See accompanying independent auditor's report and notes to required
supplementary information-budgetary reporting.

Central Community School District

Notes to Required Supplementary Information - Budgetary Reporting

Year Ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except the Private Purpose Trust Fund. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
(In Thousands)
REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
2010	Jul 1, 2009	\$ -	1,053 937	1,053 937	0.0%	\$ 2,715	38.8%
2011	Jul 1, 2009	-			0.0%	2,541	36.9%

See accompanying independent auditor's report and Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2011

	Management Levy	Student Activity	Total
ASSETS			
Cash	\$ 48,255	129,180	177,435
Receivables:			
Property tax:			
Delinquent	1,396	-	1,396
Succeeding year	165,808	-	165,808
Accounts	-	2,789	2,789
TOTAL ASSETS	<u>\$ 215,459</u>	<u>131,969</u>	<u>347,428</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	4,082	4,082
Salaries and benefits payable	-	2,207	2,207
Deferred revenue:			
Succeeding year property tax	165,808	-	165,808
Total liabilities	<u>165,808</u>	<u>6,289</u>	<u>172,097</u>
Fund Balances:			
Restricted for			
Management levy purposes	49,651	-	49,651
Student activities	-	125,680	125,680
Total fund balances	<u>49,651</u>	<u>125,680</u>	<u>175,331</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 215,459</u>	<u>131,969</u>	<u>347,428</u>

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2011

	Special Revenue		
	Management Levy	Student Activity	Total
Revenues:			
Local sources:			
Local tax	\$ 69,728	-	69,728
Other	7,633	171,048	178,681
State sources	53	-	53
Total revenues	<u>77,414</u>	<u>171,048</u>	<u>248,462</u>
Expenditures:			
Current:			
Instruction:			
Regular	89,251	-	89,251
Other	-	157,158	157,158
Support services			
Administration	35,115	-	35,115
Plant operation and maintenance	33,061	-	33,061
Transportation	9,665	20,450	30,115
Total expenditures	<u>167,092</u>	<u>177,608</u>	<u>344,700</u>
Deficiency of revenues under expenditures	(89,678)	(6,560)	(96,238)
Fund balances beginning of year	<u>139,329</u>	<u>132,240</u>	<u>271,569</u>
Fund balances end of year	<u>\$ 49,651</u>	<u>125,680</u>	<u>175,331</u>

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
ASSETS			
Cash	\$ 543,138	185,768	728,906
Receivables:			
Property tax:			
Delinquent	-	1,838	1,838
Succeeding year	-	49,087	49,087
Accounts	-	2,598	2,598
Due from other governments	100,760	75,052	175,812
TOTAL ASSETS	<u>\$ 643,898</u>	<u>314,343</u>	<u>958,241</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6,356	40,888	47,244
Deferred revenue:			
Succeeding year property tax	-	49,087	49,087
Other	-	51,425	51,425
Total liabilities	<u>6,356</u>	<u>141,400</u>	<u>147,756</u>
Fund Balances:			
Restricted for:			
School infrastructure	637,542	-	637,542
Physical plant and equipment	-	172,943	172,943
Total fund balances	<u>637,542</u>	<u>172,943</u>	<u>810,485</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 643,898</u>	<u>314,343</u>	<u>958,241</u>

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS ACCOUNTS
 Year Ended June 30, 2011

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
Revenues:			
Local sources:			
Local tax	\$ 357,547	138,525	496,072
Other	44,592	67,524	112,116
State sources	-	70	70
Federal sources	-	23,627	23,627
Total revenues	402,139	229,746	631,885
Expenditures:			
Instruction:			
Regular	-	23,847	23,847
Special	12,951	-	12,951
Support services:			
Instructional staff	-	138,410	138,410
Administration	-	21,812	21,812
Plant operation and maintenance	23,257	-	23,257
Transportation	4,000	15,990	19,990
Non-instructional programs	7,807	-	7,807
Other expenditures:			
Facilities acquisition	310,047	23,627	333,674
Total expenditures	358,062	223,686	581,748
Excess of revenues over expenditures	44,077	6,060	50,137
Fund balances beginning of year, as restated	593,465	166,883	760,348
Fund balances end of year	\$ 637,542	172,943	810,485

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
 Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Operations	\$ 76,772	11,474	12,835	75,411
Reading is Fundamental	4,114	1,690	1,989	3,815
Elementary Fundraisers	3,275	9,038	7,416	4,897
Central Volunteer Organizations	357	185	309	233
Elementary Art	108	-	-	108
Lego League	-	500	-	500
Elementary Activities	151	-	-	151
Entrepreneurs	84	-	-	84
Drama	3,537	3,881	2,387	5,031
Music Department Dry Cleaning	373	1,112	1,258	227
Vocal Music	44	-	44	-
Instrumental Music	296	79	375	-
Intramural Athletics	-	5,456	5,456	-
Co-ed Athletics	2,720	-	2,720	-
Track	-	5,520	5,520	-
Cross Country	-	1,908	1,908	-
Golf	-	1,052	1,052	-
Boys Basketball	51	3,440	3,491	-
Football	172	8,839	9,011	-
Baseball	-	4,171	4,171	-
Wrestling	682	480	1,162	-
Girls Basketball	-	3,274	3,274	-
Volleyball	-	2,926	2,926	-
Softball	-	4,371	4,371	-
Baseball Club	-	1,404	1,404	-
FFA	2,896	9,980	7,149	5,727
Food and Fitness Club	3,484	4,498	3,833	4,149
Kellogg Grant	-	442	-	442
NEIFF Grant	-	700	596	104
4-H Grant	-	2,695	2,302	393
Wellness Fund	-	1,000	-	1,000
Accounting Mentors	280	-	-	280
KRA	24	-	-	24
National Honor Society	201	-	55	146
Media	5,301	3,515	3,734	5,082
Yearbook	9,414	7,239	13,526	3,127
Athletic Boosters	4,531	17,338	16,100	5,769
Student Council	286	347	440	193
Spanish Club	3,369	30,239	32,339	1,269
Archery	-	1,200	1,200	-

(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Cheerleaders	1,530	1,415	2,372	573
Class of 2011	2,587	822	1,442	1,967
Class of 2010	1,392	-	1,392	-
Class of 2014	-	2,912	1,725	1,187
Class of 2013	1,594	1,808	777	2,625
Class of 2012	2,615	6,779	8,332	1,062
Milk/Juice Sales	-	4,011	4,011	-
Soft Drink/Juice Sales	-	3,193	3,193	-
Middle School Council	-	115	11	104
Total	\$ 132,240	171,048	177,608	125,680

See accompanying independent auditor's report.

Schedule 6

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
For the Last Eight Years

	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:								
Local sources:								
Local tax	\$ 2,514,392	2,593,979	2,385,369	2,375,929	2,297,859	2,105,807	2,237,329	2,045,458
Tuition	303,764	293,837	216,235	241,471	241,353	221,079	185,009	188,036
Other	357,683	252,437	308,971	300,362	245,550	191,932	175,084	228,800
Intermediate sources	-	-	-	-	-	1,330	1,509	-
State sources	2,786,934	2,386,873	3,024,805	2,804,434	2,534,176	2,504,532	2,495,563	2,298,034
Federal sources	402,863	450,479	355,728	173,505	211,282	171,406	190,002	155,688
Total	\$ 6,425,636	5,977,605	6,291,108	5,895,701	5,330,220	5,136,086	5,290,496	4,916,016
Expenditures:								
Instruction:								
Regular	\$ 2,515,292	2,571,380	2,593,177	2,488,222	2,350,560	2,261,741	2,212,440	2,171,150
Special	768,914	786,060	760,669	752,180	654,103	572,937	484,282	625,832
Other	477,229	453,180	468,939	467,127	461,004	429,072	518,944	496,360
Support services:								
Student	146,115	177,620	136,138	147,063	137,099	132,861	126,412	131,133
Instructional staff	253,731	153,965	161,727	129,900	128,973	160,749	156,287	176,439
Administration	544,106	537,541	573,173	605,717	595,943	505,812	479,063	493,333
Plant operation and maintenance	350,235	345,451	350,744	375,500	382,394	379,627	366,882	353,982
Transportation	340,265	361,676	324,587	379,095	309,339	298,568	253,009	263,890
Non-instructional programs	7,807	12,769	-	190	-	-	-	-
Other expenditures:								
Facilities acquisition	333,674	278,144	481,134	268,209	373,258	131,181	216,419	188,047
Long-term debt:								
Principal	-	-	64,419	49,323	36,762	-	-	-
Interest and other	-	-	-	-	-	-	-	-
AEA flowthrough	226,317	224,868	1,142	3,733	4,657	180,395	180,137	181,770
Total	\$ 5,963,685	5,904,654	6,125,994	5,884,629	5,620,371	5,052,943	4,993,875	5,081,936

See accompanying independent auditor's report.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor/Program:	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 11	\$ 11,682
National School Lunch Program	10.555	FY 11	102,399*
			<u>114,081</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	FY 11	58,615
ARRA-Title I Grants to Local Education Agencies, Recovery Act	84.389	FY 11	17,636
			<u>76,251</u>
Fund for the Improvement of Education	84.215	FY 11	23,627
Advance Placement Program	84.330	FY 11	57
Rural Education Achievement Program	84.358	FY 11	30,153
Improving Teacher Quality State Grants	84.367	FY 11	27,954
Grants for State Assessments and Related Activities	84.369	FY 11	3,185
State Fiscal Stabilization Fund Cluster:			
ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	84.394	FY 11	152,604
ARRA-State Fiscal Stabilization Fund (SFSF)-Education State Grants, Recovery Act	84.395	FY 11	1,919
ARRA-State Fiscal Stabilization Fund (SFSF) Government Services, Recovery Act	84.397	FY 11	25,578
			<u>180,101</u>
Keystone Area Education Agency:			
Special Education Cluster (IDEA):			
Special Education-Grants to States	84.027	FY 11	26,331

(continued)

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Grantor/Program:	CFDA Number	Grant Number	Expenditures
ARRA-Special Education- Grants to States, Recovery Act	84.391	FY 11	29,864
			<u>56,195</u>
Career and Technical Education- Basic Grants to States (Perkins IV)	84.048	FY 11	1,926
Comprehensive Centers (Tech- Prep Education)	84.243	FY 11	1,154
Education Technology State Grants	84.318	FY 11	155
U.S. Department of Health and Human Services: Keystone Area Education Agency: Temporary Assistance for Needy Families	93.558	FY 11	2,104
Total			<u>\$ 516,943</u>

* - Includes \$ 18,041 of non-cash awards.

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Central Community School District and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education of the
Central Community School District

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Central Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated November 28, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Central Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Central Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central Community School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies,

significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.


Central Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's response, we did not audit Central Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community School District and other parties to whom Central Community School District may report. This report is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

November 28, 2011


Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

STEVEN S. CLAUSEN, CPA

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of the
Central Community School District

Compliance

We have audited Central Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Central Community School District's major federal programs for the year ended June 30, 2011. Central Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Central Community School District's management. Our responsibility is to express an opinion on Central Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Community School District's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Central Community School District's compliance with those requirements.

In our opinion, Central Community School District complied, in all material respects, with the compliance requirements referred to in the first paragraph that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance


The management of Central Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered Central Community School District's internal control over compliance with the requirements that could have a direct and material effect on a major program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Central Community School District's internal control over compliance.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Central Community School District and other parties to whom Central Community School District may report, including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Elkader, Iowa
November 28, 2011


Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- [a] Unqualified opinions were issued on the financial statements.
- [b] The audit of the financial statements disclosed no material weaknesses in internal control over financial reporting.
- [c] The audit did not disclose any noncompliance which is material to the financial statements.
- [d] The audit of the financial statements disclosed no material weaknesses in internal control over the major programs.
- [e] An unqualified opinion was issued on compliance with requirements applicable to each major program.
- [f] The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).

- [g] Major programs were as follows:

Clustered programs:

CFDA Number 10.553 - School Breakfast Program
CFDA Number 10.555 - National School Lunch Program

Clustered programs:

CFDA Number 84.394 - ARRA- State Fiscal Stabilization Fund (SFSF) -
Education State Grants, Recovery Act
CFDA Number 84.395 - ARRA- State Fiscal Stabilization Fund (SFSF) -
Education State Grants, Recovery Act
CFDA Number 84.397 - ARRA- State Fiscal Stabilization Fund (SFSF) -
Government Services, Recovery Act

- [h] The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
- [i] Central Community School District did not qualify as a low-risk auditee.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Part II: Findings Related to the Financial Statements:

MATERIAL WEAKNESSES IN INTERNAL CONTROL:

No material weaknesses were identified.

INSTANCES OF NONCOMPLIANCE;

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE

No matters were noted.

MATERIAL WEAKNESSES IN INTERNAL CONTROL:

No material weaknesses were identified.

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-11 **Certified Budget** - Expenditures for the year ended June 30, 2011 did not exceed the amounts budgeted.
- IV-B-11 **Questionable Disbursements** - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-11 **Travel Expenses** - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-11 **Business Transactions** - Business transactions between the District and District officials or employees are detailed as follows:

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Name Title and Business Connection	Transaction Description	Amount
Raymond Piorkowski, spouse of Business manager, employee of Elkader Carpet & Design Center	Coverbase, carpet	\$ 5,322
Ronald Engelhardt, spouse of cook, Owner of R&R Dairy	Food	<u>4,011</u>
Total		<u>\$ 9,333</u>

In accordance with an Attorney's General opinion dated November 9, 1976, the above transactions do not appear to represent a conflict of interest.

- IV-E-11 **Bond Coverage** - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- IV-F-11 **Board Minutes** - No transactions were found that we believe should have been recorded in the Board minutes but were not.
- IV-G-11 **Certified Enrollment** - We noted no variances in the basic enrollment data certified to the Iowa Department of Education.
- IV-H-11 **Supplementary Weighting** - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 **Deposits and Investments** - No instances of non-compliance with the deposits and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- IV-J-11 **Certified Annual Report** - The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-K-11 **Categorical Funding** - No instances of categorical funding being used to supplant rather than supplement other funds were noted.

CENTRAL COMMUNITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

- IV-L-11 **Statewide Sales, Services and Use Tax** - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning Balance		\$ 593,465
Revenues:		
Sales tax revenue	\$ 357,547	
Other local revenues	<u>44,592</u>	<u>402,139</u>
		995,604
Expenditures		
School infrastructure construction	\$ 310,047	
Equipment	<u>48,015</u>	<u>358,062</u>
Ending Balance		<u>\$ 637,542</u>

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.